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Proposal: Prohibition on Funding of Unlawful Internet Gambling

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Comments:

After carefully reviewing the proposed rules for the UIGEA I find many areas that are lacking. First, without a clear definition of what is and what is not illegal, there is no method for banks or other financial institutions to adequately identify a transaction which is clearly intended for 'illegal' gambling. Domestic gambling entities will be unfairly stopped from receiving money transfers to legal sites such as youbet which services the racing industry as well as others. Small banks that do not have adequate resources to identify such transactions may risk overblocking and prevent legitimate transactions from being processed. There is no accurate estimate as to the initial and ongoing costs associated with public companies to maintain this law. Legal enterprise within the United States will be harmed by the rules as proposed. Americans that wish to participate in this type of activity while on business or vacation in a country that this activity is legal or in a state where there are no laws against it will be prevented from doing so by the financial industry, thereby abridging the rights of Americans. If financial institutions block a legitimate transaction in error, there must be a means for those effected to gain compensation and they should not be held harmless. When the congress passed this law, they were wise in stating that this law does not alter any existing laws in regard to gambling. As such, the only form of gambling under federal statute is regarding sports wagering under the 1961 wire act, the rules should clearly define this as the only activity that is illegal. Due diligence on the part of financial institutions will not be effective, as reliance on input from customers is needed and those participating in this activity are not apt to disclose it. The proposed rules are vague, unreliable and do not conform and further, they should be re-written to clearly define illegal activity so as not to deputize those in the financial industry to do the governments work. They are not trained for this type of work and further cannot be held liable for errors. This is not how the government should institutes laws. It is clear from testimony at the House Judiciary Committe that it is

almost impossible to create rules that will govern in all 50 states as each state may have laws differing from each other regarding internet gambling. And finally, the law provides that this act (UIGEA) is clearly designed to prevent Americans from participating in a transaction with foreign companies that provide this service, yet allows them to gamble domestically. This is an unfair law that is designed as a protectionist matter against foreign competition. The World Trade Organization is deliberating financial compensation against the U.S. as a result of a suit brought by Antigua and Barbuda which in fact found that the U.S. violated long standing treaties with member countries by banning this activity to foreigners while allowing it for domestic companies. The world is watching this issue develop, and if it is to continue to be law, it must be a fair law that abides by our treaties with other countries.